

RAISING HOGS IN OHIO MAKES ECONOMIC SENSE

by

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USDA

Table 73A--Feeder pig-to-finish production cash costs and returns, North, 1992-94

Item	1992	1993	1994
Dollars per cwt gain			
Gross value of production			
Market hogs	53.16	61.06	50.07
Feeder pigs	0.05	0.06	0.05
Cull stock	0.01	0.01	0.01
Breeding stock	0.01	0.02	0.01
Inventory change	0.04	-0.73	0.01
Other income 2/	1.08	1.08	1.13
Total, gross value of production	54.35	61.50	51.28
Cash expenses:			
Feed--			
Grain	10.43	10.02	10.86
Protein sources	6.23	6.65	6.63
Complete mixes	5.74	5.63	6.12
Other feed items 3/	0.46	0.44	0.46
Total feed costs	22.86	22.74	24.07
Other--			
Feeder pigs	18.33	22.39	18.49
Veterinary and medicine	0.83	0.98	0.89
Bedding and litter	0.14	0.17	0.15
Marketing	0.39	0.47	0.43
Custom services and supplies	0.32	0.38	0.34
Fuel, lube, and electricity	0.80	0.83	0.75
Repairs	0.88	0.92	1.00
Hired labor	1.11	1.07	1.06
Total, variable cash expenses	45.67	49.95	47.18
General farm overhead	1.33	1.95	1.14
Taxes and insurance	0.83	1.11	0.71
Interest	3.08	3.89	2.11
Total, fixed cash expenses	5.24	6.95	3.96
Total, cash expenses	50.91	56.90	51.14
Gross value of production less cash expenses	3.44	4.60	0.14

OVER

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Table 73B--Feeder pig-to-finish production economic costs and returns, North, 1992-94

Item	1992	1993	1994
Dollars per cwt gain			
Gross value of production			
Market hogs	53.16	61.06	50.07
Feeder pigs	0.05	0.06	0.05
Cull stock	0.01	0.01	0.01
Breeding stock	0.01	0.02	0.01
Inventory change	0.04	-0.73	0.01
Other income 2/	1.08	1.08	1.13
Total, gross value of production	54.35	61.50	51.28
Economic (full ownership) costs:			
Variable cash expenses	45.67	49.95	47.18
General farm overhead	1.33	1.95	1.14
Taxes and insurance	0.83	1.11	0.71
Capital replacement	6.85	7.16	7.58
Operating capital	0.82	0.83	1.12
Other nonland capital	2.41	2.51	2.74
Land	0.13	0.13	0.13
Unpaid labor	4.96	4.77	4.70
Total, economic (full-ownership) costs	63.00	68.41	65.30
Residual returns to management and risk	-8.65	-6.91	-14.02

1/ Cwt gain = (cwt sold - cwt purchased) + cwt inventory change. 2/ Value of manure production.

3/ Milk replacer, milk, milk by-products, antibiotics, and other medicated additives.

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Table 74A--Feeder pig to-finish production cash costs and returns, South, 1992-94

Item	1992	1993	1994
Dollars per cwt gain			
Gross value of production			
Market hogs	51 55	56 94	49 33
Feeder pigs	0 04	0 05	0 05
Cull stock	0 01	0 04	0 04
Breeding stock	0 00	0 00	0 00
Inventory change	0 31	1 55	2 80
Other income 2/	0 50	0 45	0 47
Total, gross value of production	52 41	59 03	52 69
Cash expenses			
Feed			
Grain	5 76	5 35	5 46
Protein sources	3 04	3 11	3 10
Complete mixes	12 32	12 15	12 29
Other feed items 3/	0 08	0 08	0 07
Total feed costs	21 20	20 69	20 92
Other--			
Feeder pigs	17 07	20 07	17 63
Veterinary and medicine	0 31	0 29	0 30
Bedding and litter	0 01	0 00	0 00
Marketing	0 40	0 39	0 40
Custom services and supplies	0 42	0 44	0 49
Fuel, lube, and electricity	0 92	0 87	0 79
Repairs	0 64	0 66	0 64
Hired labor	0 55	0 49	0 43
Total, variable cash expenses	41 52	43 90	41 60
General farm overhead	0 86	1 24	0 71
Taxes and insurance	0 72	0 99	0 62
Interest	1 86	2 30	1 22
Total, fixed cash expenses	3 44	4 53	2 55
Total, cash expenses	44 96	48 43	44 15
Gross value of production less cash expenses	7 48	10 60	8 54

OVER

USDA

Table 74B--Feeder pig-to-finish production economic costs and returns, South, 1992-94

Item	1992	1993	1994
Dollar per cwt gain ¹			
Gross value of production:			
Market hogs	51.55	56.94	49.33
Feeder pigs	0.04	0.05	0.05
Cull stock	0.04	0.04	0.04
Breeding stock	0.00	0.00	0.00
Inventory change	0.31	1.55	2.80
Other income 2/	0.50	0.45	0.47
Total, gross value of production	52.44	59.03	52.69
Economic (full ownership) costs:			
Variable cash expenses	41.52	43.90	41.60
General farm overhead	0.86	1.24	0.71
Taxes and insurance	0.72	0.99	0.62
Capital replacement	6.38	6.96	7.14
Operating capital	0.74	0.70	0.97
Other nonland capital	2.83	3.09	3.30
Land	0.06	0.07	0.07
Unpaid labor	3.04	2.89	2.88
Total, economic (full-ownership) costs	56.15	59.84	57.29
Residual returns to management and risk	-3.71	-0.81	-4.60

1/ Cwt gain = (cwt sold - cwt purchased) + cwt inventory change. 2/ Value of manure production.

3/ Milk replacer, milk, milk by-products, antibiotics, and other medicated additives.

HOG FARM PERFORMANCE

STRUCTURAL CHANGE: GREATEST VS. OTHER

1992 ERS STUDY

	Greatest Change	Other
<u>Performance</u>		
Pigs/Litter	8.8	7.6
Weaning Mortality (%)	10	13
Feed/cwt (lbs)	380	422
Labor/cwt (hrs)	0.87	1.24
Bldg. Use (% capacity)	80	49
Bldg. Age (yrs)	8	20
Economic Advantage/cwt gain		
Existing Bldg.	\$3.90	
All New Bldg.*	\$13.30	

* Estimated

Revised 10/95

PERFORMANCE OF HOG FINISHERS

CONTRACT VS. INDEPENDENT

1992 ERS STUDY

	Contract	Independent
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<u>Performance</u>		
Feed/cwt gain (lbs)	323	402
Labor/cwt gain (hrs)	0.29	1.06
Mortality (%)	1.35	2.36
Bldg. Use (turns/yr)	2.40	1.80
Economic Advantage/cwt gain		
Existing Bldgs.	\$7.32	
All New Bldgs.*	\$14.14	

* Estimated

Revised 10/95

COST COMPARISON

Hog Growing/Finishing (slaughtered in North)

Ohio vs. North Carolina

(assuming equal high management performance)

Item	Ohio	
	Advantage/Disadvantage (-)	(+)
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	\$ /cwt produced	
Feed		
Corn (-80¢/bu)		
SBOM (-\$1/cwt)		- 4.40
Animal Transport		
Pig (+75¢)		
Hog (\$-2.50)		- 0.85
Buildings/Equipment		+0.50
Labor/Management		<u>+0.45</u>
Net		\$ - 4.30

